

Super Circular Interim Final Rule Issued Dec. 19 in Federal Register

Friday, Dec. 19, the Office of Management and Budget issued an Interim Final Rule that makes changes to federal grants management. The so-called "Super Circular," which streamlines requirements, supersedes eight existing OMB Circulars and concludes a two-year effort by OMB and the Council on Financial Assistance Reform (COFAR). This interim final rule is effective on December 26, 2014. The section pertaining to the U.S. Department of Labor (USDOL) begins on page 76082 of the attached Federal Register Notice. For a pdf of the interim final rule, please click here<<http://www.gpo.gov/fdsys/pkg/FR-2014-12-19/pdf/2014-28697.pdf>>. For today's Federal Register, please click here<<https://www.federalregister.gov/articles/2014/12/19>>.

According to COFAR:

331-6 Pass-through Entities and Indirect Cost Rate Negotiation

"This section states that pass-through entities are expected to honor a subrecipient's negotiated F&A rate agreement, or use a 10% MTDC de minimis rate, or negotiate an F&A rate with the subrecipient. Is it acceptable to require a subrecipient to accept a rate lower than 10% MTDC via negotiation, or in lieu of their negotiated F&A rate? If a subrecipient requests to establish a rate via negotiation, does the pass-through entity have to establish the rate via negotiation?"

If the subrecipient already has a negotiated F&A rate with the Federal government, the negotiated rate must be used. *It also is not permissible for pass-through entities to force or entice a proposed subrecipient without a negotiated rate to accept less than the de minimis rate. The cost principles are designed to provide that the Federal awards pay their fair share of the costs recognized under these principles. (See section 200.100(c).) Pass-through entities may, but are not required, to negotiate a rate with a proposed subrecipient who asks to do so."*

If a subrecipient has an indirect rate approved by the feds (F&A), they will use it and charge the full rate. Unless something somehow changes between now and July 1, 2015, IWD will follow this rule for all new federal funds awarded and passed through to local entities after 12-26-14. Keep in mind when this information is relayed to a subrecipient's financial folks, that we are only referring to how IWD will handle indirect costs. IWD cannot speak for any other entity that a subrecipient may receive funds from. Subrecipients will need to have discussions with those entities to determine how they will proceed.

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